



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE January 27, 2004

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Auditor of State David A. Vaudt today released an audit report on Jackson County, Iowa.

The County had local tax revenue of \$18,580,426 for the year ended June 30, 2003, which included \$1,177,821 in tax credits from the state. The County forwarded \$14,233,180 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,347,246 of the local tax revenue to finance County operations, a nine percent increase from the prior year. Other revenues included \$4,839,430 from other governments and \$57,148 in interest on investments.

Expenditures for County operations totaled \$10,413,701, a one percent increase from the prior year. Expenditures included \$3,792,710 for roads and transportation, \$2,394,395 for mental health and \$1,183,667 for public safety and legal services.

The report contained recommendations to the Board of Supervisors and other County Officials. For example, the County should investigate alternatives to eliminate a \$561,691 deficit in the Special Revenue, Mental Health Fund. The County responded that the Board of Supervisors passed a resolution in July 2003 which directed various cost savings measures and provides for more oversight over the Mental Health Fund.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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JACKSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

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Jackson County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2003)		
J. C. Engel	Board of Supervisors	Jan 2003
John J. Willey	Board of Supervisors	Jan 2003
David B. Kendell	Board of Supervisors	Jan 2005
T. M. Cotton	County Auditor	Jan 2005
Alfred Tebbe, Jr.	County Treasurer	Jan 2003
Phyllis Gerlach	County Recorder	Jan 2003
Russell Kettmann	County Sheriff	Jan 2005
John L. Kies	County Attorney	Nov 2002
William Goettler	County Assessor	Jan 2004
(After January 2003)		
David B. Kendell	Board of Supervisors	Jan 2005
J. C. Engel	Board of Supervisors	Jan 2007
John J. Willey	Board of Supervisors	Jan 2007
T. M. Cotton	County Auditor	Jan 2005
Alfred Tebbe, Jr.	County Treasurer	Jan 2007
Phyllis Gerlach	County Recorder	Jan 2007
Russell Kettmann	County Sheriff	Jan 2005
John L. Kies	County Attorney	Jan 2007
William Goettler	County Assessor	Jan 2004

Jackson County



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Independent Auditor's Report

To the Officials of Jackson County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Jackson County, Iowa, as of and for the year ended June 30, 2003. These general purpose financial statements are the responsibility of Jackson County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Jackson County at June 30, 2003 and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances – Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types, proprietary fund type and expendable trust funds of Jackson County for the year ended June 30, 2003.

As discussed in note 12 to the financial statements, Jackson County intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated October 17, 2003 on our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 15, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 17, 2003

Financial Statements

Jackson County
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Cash and pooled investments:			
County Treasurer	\$ 181,718	3,641,633	27,008
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	10,250	3,848	-
Succeeding year	2,195,000	1,506,000	-
Interest and penalty on property tax	53,337	-	-
Accounts	2,462	9,160	-
Accrued interest	1,225	20	-
Assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Revolving loans (note 6)	-	886,680	-
Due from other funds (note 5)	520	1,661	-
Due from other governments	21,316	357,810	23,284
Inventories	-	359,181	-
Prepaid insurance	46,808	49,596	-
Property and equipment (note 3)	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	\$ 2,512,636	6,815,589	50,292

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Internal Service	Trust and Agency			
152,629	780,778	-	-	4,783,766
-	985	-	-	985
-	76,432	-	-	90,530
-	12,818,000	-	-	16,519,000
-	-	-	-	53,337
-	30,006	-	-	41,628
84	160	-	-	1,489
-	7,517	-	-	7,517
-	22,000	-	-	22,000
-	-	-	-	886,680
-	-	-	-	2,181
-	3,055	-	-	405,465
-	-	-	-	359,181
-	-	-	-	96,404
-	-	10,455,055	-	10,455,055
-	-	-	120,422	120,422
152,713	13,738,933	10,455,055	120,422	33,845,640

Jackson County
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts payable	\$ 28,893	111,299	7,025
Salaries and benefits payable	26,105	34,363	-
Due to other funds (note 5)	1,461	118	-
Due to other governments (note 4)	7,440	564,945	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	2,195,000	1,506,000	-
Other	63,921	947,715	23,284
Capital lease purchase agreement (note 8)	-	-	-
Compensated absences	13,224	26,987	-
Total liabilities	<u>2,336,044</u>	<u>3,191,427</u>	<u>30,309</u>
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Unreserved retained earnings	-	-	-
Fund balances:			
Reserved for:			
Inventories	-	359,181	-
Prepaid insurance	46,808	49,596	-
Supplemental levy purposes	25	-	-
Cemetery levy	14,806	-	-
Unreserved	114,953	3,215,385	19,983
Total fund equity and other credits	<u>176,592</u>	<u>3,624,162</u>	<u>19,983</u>
Total liabilities, fund equity and other credits	<u><u>\$ 2,512,636</u></u>	<u><u>6,815,589</u></u>	<u><u>50,292</u></u>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Internal Service	Trust and Agency			
-	5,172	-	-	152,389
-	3,092	-	-	63,560
-	602	-	-	2,181
-	13,702,915	-	-	14,275,300
-	502	-	-	502
-	-	-	-	3,701,000
-	-	-	-	1,034,920
-	-	-	17,357	17,357
-	2,821	-	103,065	146,097
-	13,715,104	-	120,422	19,393,306
-	-	10,455,055	-	10,455,055
152,713	-	-	-	152,713
-	-	-	-	359,181
-	-	-	-	96,404
-	-	-	-	25
-	-	-	-	14,806
-	23,829	-	-	3,374,150
152,713	23,829	10,455,055	-	14,452,334
152,713	13,738,933	10,455,055	120,422	33,845,640

Exhibit B

Jackson County

Combined Statement of Revenues, Expenditures and Changes in Fund
Balances - All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 2003

	Governmental Fund Types			Fiduciary Fund Type	Total
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:					
Property and other County tax	\$ 1,923,716	2,174,882	-	-	4,098,598
Interest and penalty on property tax	52,331	-	-	-	52,331
Intergovernmental	328,855	4,758,341	-	882	5,088,078
Licenses and permits	4,826	37,167	-	-	41,993
Charges for service	480,434	12,557	-	2,628	495,619
Use of money and property	62,192	291,635	-	-	353,827
Miscellaneous	80,982	115,994	44,072	32,711	273,759
Total revenues	2,933,336	7,390,576	44,072	36,221	10,404,205
Expenditures:					
Operating:					
Public safety and legal services	907,130	276,537	-	-	1,183,667
Physical health and social services	213,981	208,357	-	-	422,338
Mental health	-	2,394,395	-	-	2,394,395
County environment and education	523,352	301,188	-	587	825,127
Roads and transportation	-	3,792,710	-	-	3,792,710
Governmental services to residents	326,306	10,706	-	-	337,012
Administration	1,014,482	2,148	-	-	1,016,630
Capital projects	9,759	366,970	50,655	14,438	441,822
Total expenditures	2,995,010	7,353,011	50,655	15,025	10,413,701
Excess (deficiency) of revenues over (under) expenditures	(61,674)	37,565	(6,583)	21,196	(9,496)
Other financing sources (uses):					
Sale of general fixed assets	2,485	-	-	-	2,485
Proceeds from capital lease purchase agreement	23,839	-	-	-	23,839
Operating transfers in	9,638	764,611	26,566	-	800,815
Operating transfers out	(107,000)	(692,249)	-	(1,566)	(800,815)
Total other financing sources (uses)	(71,038)	72,362	26,566	(1,566)	26,324
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(132,712)	109,927	19,983	19,630	16,828
Fund balances beginning of year	271,154	3,559,806	-	4,199	3,835,159
Increase (decrease) in reserve for:					
Inventories	-	(20,359)	-	-	(20,359)
Prepaid insurance	6,150	6,788	-	-	12,938
Advances (to) from other funds	32,000	(32,000)	-	-	-
Fund balances end of year	\$ 176,592	3,624,162	19,983	23,829	3,844,566

See notes to financial statements.

Jackson County

Jackson County

Comparison of Receipts, Disbursements and
Changes in Balances - Actual to Budget (Cash Basis)
All Governmental and Proprietary Fund Types and Expendable Trust Funds

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 4,099,600	-
Interest and penalty on property tax	51,825	-
Intergovernmental	5,149,978	-
Licenses and permits	41,021	-
Charges for service	501,323	-
Use of money and property	350,471	424
Miscellaneous	372,411	9,731
Total receipts	10,566,629	10,155
Disbursements:		
Public safety and legal services	1,186,372	-
Physical health and social services	422,816	-
Mental health	2,215,560	-
County environment and education	781,539	22,572
Roads and transportation	3,874,208	-
Governmental services to residents	338,797	-
Administration	1,016,197	-
Non-program	126,173	-
Capital projects	506,319	-
Total disbursements	10,467,981	22,572
Excess (deficiency) of receipts over (under) disbursements	98,648	(12,417)
Other financing sources, net	26,324	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	124,972	(12,417)
Balance beginning of year	3,903,197	68,971
Balance end of year	\$ 4,028,169	56,554

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
4,099,600	4,009,507	90,093	102%
51,825	40,150	11,675	129%
5,149,978	4,922,289	227,689	105%
41,021	32,451	8,570	126%
501,323	476,215	25,108	105%
350,047	360,398	(10,351)	97%
362,680	561,397	(198,717)	65%
10,556,474	10,402,407	154,067	101%
1,186,372	1,222,027	35,655	97%
422,816	451,112	28,296	94%
2,215,560	2,592,692	377,132	85%
758,967	865,678	106,711	88%
3,874,208	4,126,201	251,993	94%
338,797	356,016	17,219	95%
1,016,197	1,030,783	14,586	99%
126,173	152,000	25,827	83%
506,319	913,500	407,181	55%
10,445,409	11,710,009	1,264,600	89%
111,065	(1,307,602)		
26,324	409,080		
137,389	(898,522)		
3,834,226	3,900,348		
3,971,615	3,001,826		

Exhibit D

Jackson County

Combined Statement of Revenues, Expenses and Changes in Retained Earnings

Proprietary Fund Type

Year ended June 30, 2003

		<u>Internal Service Funds</u>
Operating revenues:		
Contributions and reimbursements from employees		<u>\$ 97,379</u>
Operating expenses:		
Claims paid	\$ 74,338	
Administrative fees	5,666	
Insurance premiums	<u>46,169</u>	<u>126,173</u>
Operating loss		<u>(28,794)</u>
Non-operating revenues:		
Interest on investments		<u>1,551</u>
Net loss		<u>(27,243)</u>
Retained earnings beginning of year		<u>179,956</u>
Retained earnings end of year		<u><u>\$ 152,713</u></u>

See notes to financial statements.

Jackson County
Combined Statement of Cash Flows
Proprietary Fund Type
Year ended June 30, 2003

	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Cash received from employees	\$ 97,379
Cash payments for health claims to administrative provider and for insurance premiums	<u>(126,173)</u>
Net cash used for operating activities	(28,794)
Cash flows from investing activities:	
Interest on investments	<u>1,653</u>
Net decrease in cash and cash equivalents	(27,141)
Cash and cash equivalents beginning of year	<u>179,770</u>
Cash and cash equivalents end of year	<u><u>\$ 152,629</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	<u>\$ (28,794)</u>
Net cash used for operating activities	<u><u>\$ (28,794)</u></u>

See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

Jackson County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

A. Reporting Entity

For financial reporting purposes, Jackson County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Jackson County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Green Island drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Jackson County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information for the individual drainage districts can be obtained from the Jackson County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jackson County Assessor's Conference Board, Jackson County Emergency Management Commission, Jackson County Sanitary Disposal Agency, Jackson County Economic Development Commission, East Central Intergovernmental Association, Jackson County Public Safety Commission, Jackson County Joint E911 Service Board and Bear Creek Task Force. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures or expenses. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds – The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Capital Projects Fund – The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities.

Proprietary Funds

Internal Service Funds – The Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

Fiduciary Funds

Trust Funds – The Trust Funds are used to account for assets held by the County in a trustee capacity. These include Expendable Trust Funds, which are accounted for in essentially the same manner as Governmental Funds.

Agency Funds – The Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets – This account group is established to account for the general fixed assets of the County.

General Long-Term Debt – This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this Account Group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity, net total assets, is reported as retained earnings. Proprietary Fund operating statements present increases (revenue) and decreases (expenses) in net total assets.

In reporting the financial activity of its Proprietary Funds, the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmaturing interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Proprietary Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty which are due and payable but have not been collected.

Assessments Receivable – Assessments receivable consists of both city special assessments receivable and drainage assessments receivable.

City special assessments receivable are amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. City special assessments receivable represent assessments which are due and payable but have not been collected.

Drainage assessments receivable represent an annual maintenance assessment that is made each January and must be paid by the end of September for that year.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates they are not available to liquidate current obligations.

General Fixed Assets – General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2003, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service levies.

Due to Other Governments – Due to other governments represents tax and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected with sixty days after year end.

Compensated Absences – County employees accumulate an unlimited amount of earned but unused vacation and comp time hours and a limited amount of earned but unused sick leave hours for subsequent use or for payment upon termination, death or retirement. No payment for unused sick leave shall be made upon the termination of employment with the County. Full-time employees who do not utilize sick leave during a three-month span are entitled to a one-half day additional floating personal day which will be credited at the end of each calendar quarter. Floating time is credited to the employee's vacation time.

For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and sick leave payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003.

Unreserved Retained Earnings – The unreserved retained earnings of the Employee Partial Self-Funded Health Plan and Employee Self-Funded Dental Plan Funds are designated for anticipated future health and dental claim deductibles for County Employees.

F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Green Island drainage districts and the Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, social services, county environment and education, roads and transportation, government services to residents, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Expendable Trust Funds and Internal

Service Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by function, not fund type. Operations and ending fund balances on the cash and accrual/modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 2,939,467	(6,131)	2,933,336	7,449,485	(58,909)	7,390,576
Expenditures/Expenses	3,003,784	(8,774)	2,995,010	7,281,769	71,242	7,353,011
Net	(64,317)	2,643	(61,674)	167,716	(130,151)	37,565
Other financing sources (uses)	(71,038)	-	(71,038)	72,362	-	72,362
Beginning fund balances/ retained earnings	317,073	(45,919)	271,154	3,401,555	158,251	3,559,806
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(20,359)	(20,359)
Prepaid insurance	-	6,150	6,150	-	6,788	6,788
Advances (to) from other funds	-	32,000	32,000	-	(32,000)	(32,000)
Ending fund balances/ retained earnings	\$ 181,718	(5,126)	176,592	3,641,633	(17,471)	3,624,162

	Governmental Fund Type			Fiduciary Fund Type		
	Capital Projects Fund			Expendable Trust		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 44,072	-	44,072	\$ 34,573	1,648	36,221
Expenditures/Expenses	43,630	7,025	50,655	12,625	2,400	15,025
Net	442	(7,025)	(6,583)	21,948	(752)	21,196
Other financing sources (uses)	26,566	-	26,566	(1,566)	-	(1,566)
Beginning fund balances/ retained earnings	-	-	-	4,799	(600)	4,199
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Advances (to) from other funds	-	-	-	-	-	-
Ending fund balances/ retained earnings	\$ 27,008	(7,025)	19,983	\$ 25,181	(1,352)	23,829

	Proprietary Fund Type			Total		
	Internal Service			Cash Basis	Accrual Adjust- ments	Accrual/ Modified
	Cash Basis	Adjust- ments	Accrual Basis			Accrual Basis
Revenues	\$ 99,032	(102)	98,930	\$ 10,566,629	(63,494)	10,503,135
Expenditures/Expenses	126,173	-	126,173	10,467,981	71,893	10,539,874
Net	(27,141)	(102)	(27,243)	98,648	(135,387)	(36,739)
Other financing sources (uses)	-	-	-	26,324	-	26,324
Beginning fund balances/ retained earnings	179,770	186	179,956	3,903,197	111,918	4,015,115
Increase (decrease) in reserve for:		-				
Inventories	-	-	-	-	(20,359)	(20,359)
Prepaid insurance	-	-	-	-	12,938	12,938
Advances (to) from other funds	-	-	-	-	-	-
Ending fund balances/ retained earnings	\$ 152,629	84	152,713	\$ 4,028,169	(30,890)	3,997,279

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,739,875 pursuant to Rule 2A-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Property and Equipment

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2003 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 1,029,163	373,596	-	1,402,759
Buildings	2,052,265	-	-	2,052,265
Construction in progress	-	48,820	-	48,820
Equipment	6,594,150	611,025	253,964	6,951,211
Total	<u>\$ 9,675,578</u>	<u>1,033,441</u>	<u>253,964</u>	<u>10,455,055</u>

Equipment includes \$23,839 of assets acquired under a capital lease.

(4) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 7,440
Special Revenue:		
Mental Health	Services	536,879
Rural Services	Services	27,919
Secondary Roads	Services	147
		<u>564,945</u>
Trust and Agency:		
County Assessor	Collections	417,542
Schools		8,801,423
Community Colleges		376,561
Corporations		2,724,624
County Hospital		736,823
E911 Service Commission		249,449
All other		396,493
		<u>13,702,915</u>
Total		<u>\$ 14,275,300</u>

(5) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2003 is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Attorney	\$ 25
	County Conservation	25
	County Recorder	50
	Public Health	100
	Board of Supervisors	50
	County Sheriff	233
	County Assessor	37
Special Revenue:		
Secondary Roads	General	1,461
	Special Revenue:	
	Local Health	118
	Trust and Agency:	
	County Assessor	82
Total		<u>\$ 2,181</u>

(6) Jackson County Revolving Loan Fund

During the year ended June 30, 1983, the Jackson County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in Jackson County. During the year ended June 30, 1983, the County received a Community Development Block Grant from the State for \$1,000,000 which was subsequently loaned to businesses in the County.

Upon receipt of the loan payments from the businesses, the funds remain in the Jackson County Revolving Loan Fund for subsequent loans to other businesses. If the program is dissolved, all monies and interest earned will revert to Jackson County.

Loans by the Jackson County Revolving Loan Fund are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Loan Balance June 30, 2003
Pacific Coast Feather Co.	Aug-93	\$ 204,000	4.0%	10 years	\$ 24,184
Spartan Company	Jan-95	125,000	5.0	15 years	67,131
Maquoketa Newspapers, Inc.	Dec-95	178,000	5.5	10 years	54,030
Spartan Company	Nov-96	78,000	5.5	7 years	16,212
Plastics Unlimited, Inc.	Mar-97	73,000	5.5	7 years	9,228
Pacific Coast Feather Co.	May-00	236,000	4.5	10 years	175,960
RENOV Developers, Inc.	Feb-00	63,000	4.5	5 years	50,400
Precision Metal Works	Dec-00	204,000	5.5	7 years	139,949
WhatHelps?, Inc.	Jan-01	200,000	4.5	4 years	186,335
Clark Boat Company, Inc.	Aug-03	273,000	4.5	10 years	163,251
Total					<u>\$ 886,680</u>

(7) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$171,352, \$162,815, and \$151,444, respectively, equal to the required contributions for each year.

(8) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2003 is as follows:

	Capital Lease Purchase Agreement	Compen- sated Absences	Total
Balance beginning of year	\$ -	122,217	122,217
Additions	23,839	-	23,839
Reductions	6,482	19,152	25,634
Balance end of year	\$ 17,357	103,065	120,422

Capital Lease Purchase Agreement

The County has entered into a capital lease purchase agreement to lease a 2002 Chevrolet Blazer. The following is a schedule of the future minimum lease payments, including interest at 5.90% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2003:

Year ending June 30,	Conservation Vehicle
2004	\$ 6,482
2005	6,482
2006	6,482
Total minimum lease payments	19,446
Less amount representing interest	(2,089)
Present value of net minimum lease payments	\$ 17,357

Payments under the capital lease purchase agreement for the year ended June 30, 2003 totaled \$6,482.

(9) Jackson County Employee Partial Self-Funded Health Plan

Jackson County entered into an administrative services agreement with Seabury & Smith, Inc. to administer the employee partial self-funded health plan. The agreement was effective July 1, 1994 and is subject to automatic renewal provisions. The monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of the payment to the Internal Service, Employee Partial Self-Funded Health Plan Fund maintained by the County Treasurer. Under the agreement, deductible and coinsurance expenses are processed by Seabury & Smith, Inc. with payments from the Internal Service, Employee Partial Self-Funded Health Plan Fund. The employer sponsors a group insurance policy which provides comprehensive hospital and medical coverage for eligible employees and, if elected, their spouses and dependents. Under the partial self-funded plan, the Plan will reimburse an eligible employee for a portion of the deductible and coinsurance expenses under the contract.

(10) Jackson County Employee Self-Funded Dental Plan

Jackson County entered into an administrative services agreement with Seabury & Smith, Inc. to administer the employee self-funded dental plan. The agreement was effective July 1, 1996 and is subject to automatic renewal provisions. The monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of the payment to the Internal Service, Employee Self-Funded Dental Plan Fund maintained by the County Treasurer. Under the agreement, deductible and coinsurance expenses are processed by Seabury & Smith, Inc. with payments from the Internal Service, Employee Self-Funded Dental Plan Fund. The employer sponsors a group insurance policy which provides comprehensive dental coverage for eligible employees and, if elected, their spouses and dependents.

(11) Risk Management

Jackson County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2003 were \$145,046.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of County's financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the County's financial activities.

Supplemental Information

Schedule 1

Jackson County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2003

Revenues:

Property and other County tax:

Property tax	\$ 1,852,938	
Utility tax replacement excise tax	65,222	
Other	<u>5,556</u>	\$ 1,923,716

Interest and penalty on property tax

52,331

Intergovernmental:

State shared revenues:

Franchise tax	18,668	
Other	<u>4,615</u>	
	<u>23,283</u>	

State tax replacements:

State tax credits	139,401	
State allocation	<u>31,865</u>	
	<u>171,266</u>	

State and federal pass-thru revenues:

Human services administrative reimbursement	53,291	
Other	<u>22,998</u>	
	<u>76,289</u>	

Contributions from other governmental units:

Election reimbursements	2,589	
Prisoner care	7,171	
Other	<u>10,599</u>	
	<u>20,359</u>	

State grants and entitlements:

State infrastructure grant	17,860	
Other	<u>7,120</u>	
	<u>24,980</u>	

Federal grants and entitlements:

Other	<u>1,118</u>	
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Payment in lieu of taxes	<u>11,560</u>	328,855
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Licenses and permits

4,826

Charges for service:

Office fees and collections	142,153	
Auto registration, use tax, drivers license and mailing	123,802	
Other	<u>214,479</u>	480,434

Use of money and property:

Interest on investments	54,841	
Other	<u>7,351</u>	62,192

Miscellaneous

80,982

Total revenues

2,933,336

Jackson County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2003

Expenditures:		
Operating:		
Public safety and legal services		907,130
Physical health and social services		213,981
County environment and education		523,352
Governmental services to residents		326,306
Administration		1,014,482
Capital projects		9,759
Total expenditures		<u>2,995,010</u>
Deficiency of revenues under expenditures		<u>(61,674)</u>
Other financing sources (uses):		
Sale of general fixed assets		2,485
Proceeds from capital lease purchase agreement		23,839
Operating transfers in (out):		
Special Revenue:		
Local Health	(50,000)	
Local Option Sales Tax	(32,000)	
Historic Preservation	9,638	
Capital Projects	<u>(25,000)</u>	<u>(97,362)</u>
Total other financing sources (uses)		<u>(71,038)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		(132,712)
Fund balance beginning of year		271,154
Increase in reserve for:		
Prepaid insurance		6,150
Advances from other funds		<u>32,000</u>
Fund balance end of year		<u>\$ 176,592</u>

See accompanying independent auditor's report.

Jackson County

Jackson County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Public safety and legal services:

Law enforcement:

Uniformed patrol services	\$ 266,541	
Investigations	717	
Law enforcement communication	95,276	
Adult correction services	213,453	
Administration	139,750	
	<u>715,737</u>	

Legal services:

Criminal prosecution	130,700	
Medical examinations	15,141	
	<u>145,841</u>	

Emergency services:

Emergency management	<u>19,670</u>	
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Assistance to district court system:

Research and other assistance	<u>3,897</u>	
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Court proceedings:

Juries and witnesses	507	
Detention services	11,642	
Court costs	3,596	
Service of civil papers	983	
	<u>16,728</u>	

Juvenile justice administration:

Court-appointed attorneys and court costs for juveniles	<u>5,257</u>	\$ 907,130
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Physical health and social services:

Services to the poor:

Administration	136,976	
General welfare services	8,522	
	<u>145,498</u>	

Services to military veterans:

Administration	7,249	
General services to veterans	3,395	
	<u>10,644</u>	

Children's and family services:

Family protective services	<u>4,000</u>	
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Schedule 2

Jackson County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Physical health and social services (continued):

Services to other adults:

Services to the elderly	<u>10,585</u>	
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Chemical dependency:

Treatment services	<u>43,254</u>	213,981
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County environment and education:

Environmental quality:

Natural resources conservation	<u>47,190</u>	
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Conservation and recreation services:

Administration	82,358	
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Maintenance and operations	<u>250,713</u>	
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<u>333,071</u>	
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Animal control:

Animal bounties and domestic animal losses	<u>121</u>	
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County development:

Land use and building controls	52,236	
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Economic development	<u>59,566</u>	
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<u>111,802</u>	
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Educational services:

Historic preservation	18,168	
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Fair and 4-H clubs	<u>13,000</u>	
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<u>31,168</u>	
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523,352

Governmental services to residents:

Representation services:

Election administration	64,593	
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Local elections	<u>2,213</u>	
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<u>66,806</u>	
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State administrative services:

Motor vehicle registrations and licensing	127,712	
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Recording of public documents	<u>131,788</u>	
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<u>259,500</u>	
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326,306

Administration:

Policy and administration:

General county management	164,705	
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Administrative management services	189,206	
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Treasury management services	128,648	
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Other policy and administration	<u>30,076</u>	
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<u>512,635</u>	
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Jackson County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Administration (continued):

Central services:

General services

258,578

Data processing services

145,617

404,195

Risk management services:

Tort liability

7,758

Safety of workplace

82,940

Fidelity of public officials

6,954

97,652

1,014,482

Capital projects:

Hurstville Interpretive Center

9,759

Total

\$ 2,995,010

See accompanying independent auditor's report.

Jackson County
Special Revenue Funds
Combining Balance Sheet
June 30, 2003

	Rural Services	Secondary Roads	Recorder's Records Management	Mental Health	Green Island Drainage Districts	Local Health	Resource Enhance- ment and Protection
Assets							
Cash and pooled investments	\$ 116,302	1,197,967	6,044	53,506	56,554	16,258	29,175
Receivables:							
Property tax:							
Delinquent	530	-	-	3,318	-	-	-
Succeeding year	796,000	-	-	710,000	-	-	-
Accounts	-	575	-	7,613	-	972	-
Accrued interest	-	-	3	-	-	-	16
Revolving loans	-	-	-	-	-	-	-
Due from other funds	-	1,661	-	-	-	-	-
Due from other governments	14,909	268,193	-	12,020	-	17,649	312
Inventories	-	359,181	-	-	-	-	-
Prepaid insurance	-	49,596	-	-	-	-	-
Total assets	\$ 927,741	1,877,173	6,047	786,457	56,554	34,879	29,503
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	\$ 450	15,446	-	94,053	850	500	-
Salaries and benefits payable	6,945	23,226	-	3,222	-	970	-
Due to other funds	-	-	-	-	-	118	-
Due to other governments	27,919	147	-	536,879	-	-	-
Deferred revenue:							
Succeeding year property tax	796,000	-	-	710,000	-	-	-
Other	474	71,026	-	3,141	-	-	-
Compensated absences	4,287	21,564	-	853	-	283	-
Total liabilities	836,075	131,409	-	1,348,148	850	1,871	-
Fund equity:							
Fund balance:							
Reserved for:							
Inventories	-	359,181	-	-	-	-	-
Prepaid insurance	-	49,596	-	-	-	-	-
Unreserved	91,666	1,336,987	6,047	(561,691)	55,704	33,008	29,503
Total fund equity	91,666	1,745,764	6,047	(561,691)	55,704	33,008	29,503
Total liabilities and fund equity	\$ 927,741	1,877,173	6,047	786,457	56,554	34,879	29,503

See accompanying independent auditor's report.

Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Community Development Block Grant	Sheriff's Forfeiture Property	Local Law Enforcement	Total
1,429,529	729,498	3,770	1,887	1,024	119	3,641,633
-	-	-	-	-	-	3,848
-	-	-	-	-	-	1,506,000
-	-	-	-	-	-	9,160
-	-	-	-	1	-	20
-	886,680	-	-	-	-	886,680
-	-	-	-	-	-	1,661
44,727	-	-	-	-	-	357,810
-	-	-	-	-	-	359,181
-	-	-	-	-	-	49,596
1,474,256	1,616,178	3,770	1,887	1,025	119	6,815,589
-	-	-	-	-	-	111,299
-	-	-	-	-	-	34,363
-	-	-	-	-	-	118
-	-	-	-	-	-	564,945
-	-	-	-	-	-	1,506,000
-	873,074	-	-	-	-	947,715
-	-	-	-	-	-	26,987
-	873,074	-	-	-	-	3,191,427
-	-	-	-	-	-	359,181
-	-	-	-	-	-	49,596
1,474,256	743,104	3,770	1,887	1,025	119	3,215,385
1,474,256	743,104	3,770	1,887	1,025	119	3,624,162
1,474,256	1,616,178	3,770	1,887	1,025	119	6,815,589

Jackson County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Recorder's Records Manage- ment	Mental Health	Green Island Drainage Districts	Local Health
Revenues:						
Property and other County tax:						
Property tax	\$ 731,001	-	-	710,294	-	-
Local option sales tax	90,717	-	-	-	-	-
Utility tax replacement excise taxes	34,901	-	-	25,003	-	-
Other	226	-	-	2,123	-	-
	<u>856,845</u>	<u>-</u>	<u>-</u>	<u>737,420</u>	<u>-</u>	<u>-</u>
Intergovernmental:						
State shared revenues:						
Road use tax	-	2,812,263	-	-	-	-
State tax replacements:						
State tax credits	55,808	-	-	53,439	-	-
State allocation	71,058	-	-	12,216	-	-
Mental health property tax relief	-	-	-	586,760	-	-
Other	-	-	-	403,350	-	-
	<u>126,866</u>	<u>-</u>	<u>-</u>	<u>1,055,765</u>	<u>-</u>	<u>-</u>
State and federal pass-thru revenues:						
Social services block grant	-	-	-	103,992	-	-
Public assistance grant	-	129,013	-	-	-	-
Other	-	-	-	250,160	-	24,182
	<u>-</u>	<u>129,013</u>	<u>-</u>	<u>354,152</u>	<u>-</u>	<u>24,182</u>
Contributions from other intergovernmental units						
Reimbursements from other governments	437	-	-	431	-	-
State grants and entitlements:						
Other	-	6,727	-	321	-	103,656
Federal grants and entitlements						
Watershed protection and flood prevention	-	101,129	-	-	-	-
Other	-	14,109	-	-	-	-
	<u>-</u>	<u>115,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>127,303</u>	<u>3,063,241</u>	<u>-</u>	<u>1,410,669</u>	<u>-</u>	<u>127,838</u>
Licenses and permits	-	2,732	-	-	-	34,435
Charges for service	-	2,374	5,720	109	-	4,354
Use of money and property:						
Interest on investment	-	-	46	-	424	-
Loan and interest repayments	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>46</u>	<u>-</u>	<u>424</u>	<u>-</u>

Resource Enhance- ment and Protection	Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Historic Preser- vation	Community Develop- ment Block Grant	Sheriff's Forfeiture Property	Local Law Enforce- ment	Total
-	-	-	-	-	-	-	-	1,441,295
-	580,617	-	-	-	-	-	-	671,334
-	-	-	-	-	-	-	-	59,904
-	-	-	-	-	-	-	-	2,349
-	580,617	-	-	-	-	-	-	2,174,882
-	-	-	-	-	-	-	-	2,812,263
-	-	-	-	-	-	-	-	109,247
-	-	-	-	-	-	-	-	83,274
-	-	-	-	-	-	-	-	586,760
-	-	-	-	-	-	-	-	403,350
-	-	-	-	-	-	-	-	1,182,631
-	-	-	-	-	-	-	-	103,992
-	-	-	-	-	-	-	-	129,013
-	-	-	-	-	-	-	-	274,342
-	-	-	-	-	-	-	-	507,347
7,405	-	-	-	-	-	-	-	8,273
7,641	-	-	10,000	4,244	-	-	-	132,589
-	-	-	-	-	-	-	-	101,129
-	-	-	-	-	-	-	-	14,109
-	-	-	-	-	-	-	-	115,238
15,046	-	-	10,000	4,244	-	-	-	4,758,341
-	-	-	-	-	-	-	-	37,167
-	-	-	-	-	-	-	-	12,557
275	-	-	-	-	-	10	1	756
-	-	290,879	-	-	-	-	-	290,879
275	-	290,879	-	-	-	10	1	291,635

Jackson County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Recorder's Records Manage- ment	Mental Health	Green Island Drainage Districts	Local Health
Revenues (continued):						
Miscellaneous:						
Sale of materials	-	28,854	-	-	-	-
Sales tax refunds	-	12,573	-	-	-	-
Drainage assessments	-	-	-	-	9,731	-
Other	-	36,173	-	14,376	-	3,996
	-	77,600	-	14,376	9,731	3,996
Total revenues	984,148	3,145,947	5,766	2,162,574	10,155	170,623
Expenditures:						
Operating:						
Public safety and legal services:						
Law enforcement:						
Uniformed patrol services	244,225	-	-	-	-	-
Emergency services:						
Ambulance services	16,800	-	-	-	-	-
	261,025	-	-	-	-	-
Physical health and social services:						
Physical health services:						
Sanitation	-	-	-	-	-	89,637
Health administration	-	-	-	-	-	61,826
	-	-	-	-	-	151,463
Service to other adults:						
Services to the elderly	-	-	-	-	-	56,894
	-	-	-	-	-	208,357
Mental health:						
Persons with mental health problems - mental illness:						
General administration	-	-	-	8,732	-	-
Coordination services	-	-	-	15,764	-	-
Treatment services	-	-	-	149,844	-	-
Licensed or certified living arrangements	-	-	-	66,455	-	-
Institutional, hospital and commitment services	-	-	-	24,343	-	-
	-	-	-	265,138	-	-
Persons with chronic mental illness:						
Coordination services	-	-	-	76,198	-	-
Personal and environmental support	-	-	-	122,546	-	-
Treatment services	-	-	-	12,399	-	-
Vocational and day services	-	-	-	40,303	-	-
Licensed or certified living arrangements	-	-	-	179,889	-	-
Institutional, hospital and commitment services	-	-	-	448,791	-	-
	-	-	-	880,126	-	-

Resource Enhance- ment and Protection	Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Historic Preser- vation	Community Develop- ment Block Grant	Sheriff's Forfeiture Property	Local Law Enforce- ment	Total
-	-	-	-	-	-	-	-	28,854
-	-	-	-	-	-	-	-	12,573
-	-	-	-	-	-	-	-	9,731
-	10,291	-	-	-	-	-	-	64,836
-	10,291	-	-	-	-	-	-	115,994
15,321	590,908	290,879	10,000	4,244	-	10	1	7,390,576
-	-	-	-	-	-	-	-	244,225
-	-	-	15,512	-	-	-	-	32,312
-	-	-	15,512	-	-	-	-	276,537
-	-	-	-	-	-	-	-	89,637
-	-	-	-	-	-	-	-	61,826
-	-	-	-	-	-	-	-	151,463
-	-	-	-	-	-	-	-	56,894
-	-	-	-	-	-	-	-	208,357
-	-	-	-	-	-	-	-	8,732
-	-	-	-	-	-	-	-	15,764
-	-	-	-	-	-	-	-	149,844
-	-	-	-	-	-	-	-	66,455
-	-	-	-	-	-	-	-	24,343
-	-	-	-	-	-	-	-	265,138
-	-	-	-	-	-	-	-	76,198
-	-	-	-	-	-	-	-	122,546
-	-	-	-	-	-	-	-	12,399
-	-	-	-	-	-	-	-	40,303
-	-	-	-	-	-	-	-	179,889
-	-	-	-	-	-	-	-	448,791
-	-	-	-	-	-	-	-	880,126

Jackson County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Recorder's Records Manage- ment	Mental Health	Green Island Drainage Districts	Local Health
Expenditures (continued)						
Operating:						
Mental health:						
Persons with mental retardation:						
Coordination services	-	-	-	151,128	-	-
Personal and environmental support	-	-	-	46,518	-	-
Vocational and day services	-	-	-	275,199	-	-
Licensed or certified living arrangements	-	-	-	587,656	-	-
Institutional, hospital and commitment services	-	-	-	131,893	-	-
	-	-	-	1,192,394	-	-
Persons with other developmental disabilities:						
Coordination services	-	-	-	11,223	-	-
Vocational and day services	-	-	-	11,433	-	-
Licensed or certified living arrangements	-	-	-	34,081	-	-
	-	-	-	56,737	-	-
	-	-	-	2,394,395	-	-
County environment and education:						
Environmental quality:						
Natural resources conservation	-	-	-	-	23,422	-
Weed eradication	2,570	-	-	-	-	-
Solid waste disposal	125,759	-	-	-	-	-
	128,329	-	-	-	23,422	-
Animal control:						
Animal shelter	6,305	-	-	-	-	-
County development:						
Economic development	-	-	-	-	-	-
Educational services:						
Libraries	51,500	-	-	-	-	-
	186,134	-	-	-	23,422	-
Roads and transportation:						
Secondary roads administration and engineering:						
Administration	-	239,074	-	-	-	-
Engineering	-	210,828	-	-	-	-
	-	449,902	-	-	-	-
Roadway maintenance:						
Bridges and culverts	-	129,212	-	-	-	-
Roads	-	2,344,364	-	-	-	-
Snow and ice control	-	74,011	-	-	-	-
Traffic controls	-	70,979	-	-	-	-
Road clearing	-	13,218	-	-	-	-
	-	2,631,784	-	-	-	-

Resource Enhance- ment and Protection	Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Historic Preser- vation	Community Develop- ment Block Grant	Sheriff's Forfeiture Property	Local Law Enforce- ment	Total
-	-	-	-	-	-	-	-	151,128
-	-	-	-	-	-	-	-	46,518
-	-	-	-	-	-	-	-	275,199
-	-	-	-	-	-	-	-	587,656
-	-	-	-	-	-	-	-	131,893
-	-	-	-	-	-	-	-	1,192,394
-	-	-	-	-	-	-	-	11,223
-	-	-	-	-	-	-	-	11,433
-	-	-	-	-	-	-	-	34,081
-	-	-	-	-	-	-	-	56,737
-	-	-	-	-	-	-	-	2,394,395
13,632	-	-	-	-	-	-	-	37,054
-	-	-	-	-	-	-	-	2,570
-	-	-	-	-	-	-	-	125,759
13,632	-	-	-	-	-	-	-	165,383
-	-	-	-	-	-	-	-	6,305
-	-	78,000	-	-	-	-	-	78,000
-	-	-	-	-	-	-	-	51,500
13,632	-	78,000	-	-	-	-	-	301,188
-	-	-	-	-	-	-	-	239,074
-	-	-	-	-	-	-	-	210,828
-	-	-	-	-	-	-	-	449,902
-	58,000	-	-	-	-	-	-	187,212
-	-	-	-	-	-	-	-	2,344,364
-	-	-	-	-	-	-	-	74,011
-	9,613	-	-	-	-	-	-	80,592
-	-	-	-	-	-	-	-	13,218
-	67,613	-	-	-	-	-	-	2,699,397

Jackson County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Recorder's Records Manage- ment	Mental Health	Green Island Drainage Districts	Local Health
Expenditures (continued):						
Operating:						
Roads and transportation:						
General roadway:						
Equipment	-	161,000	-	-	-	-
Equipment operations	-	286,229	-	-	-	-
Tool, materials, and supplies	-	174,808	-	-	-	-
Real estate and buildings	-	21,374	-	-	-	-
	-	643,411	-	-	-	-
	-	3,725,097	-	-	-	-
Governmental services to residents:						
Representation services:						
Township officials	2,206	-	-	-	-	-
State administrative services:						
Recording of public documents	-	-	8,500	-	-	-
	2,206	-	8,500	-	-	-
Administration:						
Risk management:						
Unemployment compensation	2,148	-	-	-	-	-
Capital Projects:						
Roadway construction	-	24,098	-	-	-	-
Conservation land acquisition and development	-	-	-	-	-	-
	-	24,098	-	-	-	-
Total expenditures	451,513	3,749,195	8,500	2,394,395	23,422	208,357
Excess (deficiency) of revenues over (under) expenditures	532,635	(603,248)	(2,734)	(231,821)	(13,267)	(37,734)
Other financing sources (uses):						
Operating transfers in (out):						
General	-	-	-	-	-	50,000
Special Revenue:						
Rural Services	-	600,000	-	-	-	-
Secondary Roads	(600,000)	-	-	-	-	-
Local Option Sales Tax	82,611	-	-	-	-	-
Total other financing sources (uses)	(517,389)	600,000	-	-	-	50,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	15,246	(3,248)	(2,734)	(231,821)	(13,267)	12,266
Fund balances beginning of year	76,420	1,762,583	8,781	(329,870)	68,971	20,742
Increase (decrease) in reserve for:						
Inventories	-	(20,359)	-	-	-	-
Prepaid insurance	-	6,788	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Fund balances end of year	\$ 91,666	1,745,764	6,047	(561,691)	55,704	33,008

See accompanying independent auditor's report.

Resource Enhance- ment and Protection	Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Historic Preser- vation	Community Develop- ment Block Grant	Sheriff's Forfeiture Property	Local Law Enforce- ment	Total
-	-	-	-	-	-	-	-	161,000
-	-	-	-	-	-	-	-	286,229
-	-	-	-	-	-	-	-	174,808
-	-	-	-	-	-	-	-	21,374
-	-	-	-	-	-	-	-	643,411
-	67,613	-	-	-	-	-	-	3,792,710
-	-	-	-	-	-	-	-	2,206
-	-	-	-	-	-	-	-	8,500
-	-	-	-	-	-	-	-	10,706
-	-	-	-	-	-	-	-	2,148
-	340,472	-	-	-	-	-	-	364,570
2,400	-	-	-	-	-	-	-	2,400
2,400	340,472	-	-	-	-	-	-	366,970
16,032	408,085	78,000	15,512	-	-	-	-	7,353,011
(711)	182,823	212,879	(5,512)	4,244	-	10	1	37,565
-	32,000	-	-	(9,638)	-	-	-	72,362
-	(82,611)	-	-	-	-	-	-	517,389
-	-	-	-	-	-	-	-	(600,000)
-	-	-	-	-	-	-	-	82,611
-	(50,611)	-	-	(9,638)	-	-	-	72,362
(711)	132,212	212,879	(5,512)	(5,394)	-	10	1	109,927
30,214	1,374,044	530,225	9,282	5,394	1,887	1,015	118	3,559,806
-	-	-	-	-	-	-	-	(20,359)
-	-	-	-	-	-	-	-	6,788
-	(32,000)	-	-	-	-	-	-	(32,000)
29,503	1,474,256	743,104	3,770	-	1,887	1,025	119	3,624,162

Schedule 5

Jackson County

Capital Projects Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2003

Revenues:		
Miscellaneous:		
Donations		\$ 44,072
Expenditures:		
Capital projects:		
Hurstville Interpretive Center		<u>50,655</u>
Deficiency of revenues under expenditures		(6,583)
Other financing sources:		
Operating transfers in:		
General	\$ 25,000	
Expendable Trust:		
Conservation Land Acquisition Trust	<u>1,566</u>	<u>26,566</u>
Excess of revenues and other financing sources over expenditures		19,983
Fund balance beginning of year		<u>-</u>
Fund balance end of year		<u><u>\$ 19,983</u></u>

See accompanying independent auditor's report.

Jackson County
Internal Service Funds
Combining Balance Sheet
June 30, 2003

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Assets			
Cash and pooled investments	\$ 135,169	17,460	152,629
Accrued interest receivable	76	8	84
Total assets	<u>\$ 135,245</u>	<u>17,468</u>	<u>152,713</u>
Fund Equity			
Fund equity:			
Unreserved retained earnings	<u>\$ 135,245</u>	<u>17,468</u>	<u>152,713</u>

See accompanying independent auditor's report.

Schedule 7

Jackson County

Internal Service Funds

Combining Statement of Revenues, Expenses, and
Changes in Retained Earnings

Year ended June 30, 2003

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Contributions and reimbursements from employees	\$ 60,711	36,668	97,379
Operating expenses:			
Claims paid	44,618	29,720	74,338
Administrative fees	2,810	2,856	5,666
Insurance premiums	46,169	-	46,169
Total expenses	93,597	32,576	126,173
Operating income (loss)	(32,886)	4,092	(28,794)
Non-operating revenues:			
Interest on investments	1,497	54	1,551
Net income (loss)	(31,389)	4,146	(27,243)
Retained earnings beginning of year	166,634	13,322	179,956
Retained earnings end of year	\$ 135,245	17,468	152,713

See accompanying independent auditor's report.

Jackson County
Combining Statement of Cash Flows
Proprietary Fund Type
Year ended June 30, 2003

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from employees	\$ 60,711	36,668	97,379
Cash payments for health claims and to administrative provider and for insurance premiums	(93,597)	(32,576)	(126,173)
Net cash provided (used) by operating activities	(32,886)	4,092	(28,794)
Cash flows from investing activities:			
Interest on investments	1,607	46	1,653
Net increase (decrease) in cash and cash equivalents	(31,279)	4,138	(27,141)
Cash and cash equivalents beginning of year	166,448	13,322	179,770
Cash and cash equivalents end of year	\$ 135,169	17,460	152,629
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (32,886)	4,092	(28,794)
Net cash provided (used) by operating activities	\$ (32,886)	4,092	(28,794)

See accompanying independent auditor's report.

Jackson County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2003

	Expendable Trust	Agency	Total
Assets			
Cash and pooled investments:			
County Treasurer	\$ 25,181	755,597	780,778
Other County Officials	-	985	985
Receivables:			
Property tax:			
Delinquent	-	76,432	76,432
Succeeding year	-	12,818,000	12,818,000
Accounts	1,648	28,358	30,006
Accrued interest	-	160	160
Assessments:			
Delinquent	-	7,517	7,517
Succeeding year	-	22,000	22,000
Due from other governments	-	3,055	3,055
Total assets	\$ 26,829	13,712,104	13,738,933
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 3,000	2,172	5,172
Salaries and benefits payable	-	3,092	3,092
Due to other funds	-	602	602
Due to other governments	-	13,702,915	13,702,915
Trusts payable	-	502	502
Compensated absences	-	2,821	2,821
Total liabilities	3,000	13,712,104	13,715,104
Fund equity:			
Unreserved fund balance	23,829	-	23,829
Total liabilities and fund equity	\$ 26,829	13,712,104	13,738,933

See accompanying independent auditor's report.

Jackson County

Jackson County
Expendable Trust Funds
Combining Balance Sheet
June 30, 2003

	Pioneer Cemetery Trust	Conservation Land Acquisition Trust	Total
Assets			
Cash and pooled investments	\$ 1,118	24,063	25,181
Accounts receivable	-	1,648	1,648
Total assets	\$ 1,118	25,711	26,829
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	3,000	3,000
Fund equity:			
Unreserved fund balance	1,118	22,711	23,829
Total liabilities and fund equity	\$ 1,118	25,711	26,829

See accompanying independent auditor's report

Jackson County

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2003

	Pioneer Cemetery Trust	Conservation Land Acquisition Trust	Total
Revenues:			
Intergovernmental:			
Contributions from other governmental units	\$ -	882	882
Charges for service:			
Office fees and collections	-	2,628	2,628
Miscellaneous:			
Donations	500	1,500	2,000
Sale of materials	-	29,162	29,162
Other	-	1,549	1,549
	500	32,211	32,711
Total revenues	500	35,721	36,221
Expenditures:			
Operating:			
County environment and education:			
Environmental quality:			
Natural resources conservation	-	292	292
Conservation and recreation services:			
Maintenance and operations	-	295	295
	-	587	587
Capital Projects:			
Conservation land acquisition and development	-	5,000	5,000
Hurstville Interpretive Center	-	9,438	9,438
	-	14,438	14,438
Total expenditures	-	15,025	15,025
Excess of revenues over expenditures	500	20,696	21,196
Other financing uses:			
Operating transfers out:			
Capital Projects	-	(1,566)	(1,566)
Excess of revenues over expenditures and other financing uses	500	19,130	19,630
Fund balances beginning of year	618	3,581	4,199
Fund balances end of year	\$ 1,118	22,711	23,829

Se

e accompanying independent auditor's report.

Jackson County
Agency Funds
Combining Balance Sheet
June 30, 2003

	County Offices				
	County Attorney	County Conser- vation	Public Health	Board of Supervisors	County Recorder
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	-	-	-	-
Other County officials	25	25	100	50	50
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 25	25	100	50	50
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other funds	25	25	100	50	50
Due to other governments	-	-	-	-	-
Trusts payable	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	\$ 25	25	100	50	50

County Sheriff	Agricultural Extension Education	County Assessor	Fire Districts	Schools	Community Colleges
-	1,460	193,479	1,326	180,363	7,842
735	-	-	-	-	-
-	443	1,080	35	42,060	1,719
-	95,000	231,000	49,000	8,579,000	367,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
735	96,903	425,559	50,361	8,801,423	376,561
-	-	2,172	-	-	-
-	-	2,905	-	-	-
233	-	119	-	-	-
-	96,903	417,542	50,361	8,801,423	376,561
502	-	-	-	-	-
-	-	2,821	-	-	-
735	96,903	425,559	50,361	8,801,423	376,561

Jackson County
Agency Funds
Combining Balance Sheet
June 30, 2003

	Corpor- ations	Town- ships	City Special Assessments	Brucellosis and Tuberculosis Eradication	Emergency Management Services
Assets					
Cash and pooled investments:					
County Treasurer	83,005	3,492	340	1,157	24,254
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	27,619	115	-	11	-
Succeeding year	2,614,000	163,000	-	2,000	-
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Assessments:					
Delinquent	-	-	7,517	-	-
Succeeding year	-	-	22,000	-	-
Due from other governments	-	-	-	-	3,055
Total assets	2,724,624	166,607	29,857	3,168	27,309
Liabilities					
Liabilities:					
Accounts payable	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	187
Due to other funds	-	-	-	-	-
Due to other governments	2,724,624	166,607	29,857	3,168	27,122
Trusts payable	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	2,724,624	166,607	29,857	3,168	27,309

See accompanying independent auditor's report.

Advanced Tax Collection	County Hospital	E911 Service Commission	Tax Sale Redemption Trust	Total
17,745	15,473	220,938	4,723	755,597
-	-	-	-	985
-	3,350	-	-	76,432
-	718,000	-	-	12,818,000
-	-	28,358	-	28,358
7	-	153	-	160
-	-	-	-	7,517
-	-	-	-	22,000
-	-	-	-	3,055
17,752	736,823	249,449	4,723	13,712,104
-	-	-	-	2,172
-	-	-	-	3,092
-	-	-	-	602
17,752	736,823	249,449	4,723	13,702,915
-	-	-	-	502
-	-	-	-	2,821
17,752	736,823	249,449	4,723	13,712,104

Jackson County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	County Offices					
	County Attorney	County Conser- vation	General Relief	Public Health	Board of Super- visors	County Auditor
Assets and Liabilities						
Balance beginning of year	\$ 25	25	15	100	50	-
Additions:						
Property and other County tax	-	-	-	-	-	-
E911 surcharge	-	-	-	-	-	-
State tax credits	-	-	-	-	-	-
Office fees and collections	-	-	-	-	-	2,588
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total additions	-	-	-	-	-	2,588
Deductions:						
Agency Remittances:						
To other funds	-	-	15	-	-	2,588
To other governments	-	-	-	-	-	-
Trusts paid out	-	-	-	-	-	-
Total deductions	-	-	15	-	-	2,588
Balance end of year	\$ 25	25	-	100	50	-

County Recorder	County Sheriff	Agricultural Extension Education	County Assessor	Fire Districts	Schools
-	2,591	69,569	519,466	48,046	8,369,597
-	-	97,364	241,168	51,591	8,914,238
-	-	-	-	-	-
-	-	5,091	19,303	3,821	618,834
314,137	47,873	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	131,509	-	-	-	-
-	-	41	8,755	101	4,635
314,137	179,382	102,496	269,226	55,513	9,537,707
163,526	47,609	-	-	-	-
150,561	263	75,162	363,133	53,198	9,105,881
-	133,366	-	-	-	-
314,087	181,238	75,162	363,133	53,198	9,105,881
50	735	96,903	425,559	50,361	8,801,423

Jackson County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	City Special Assess- ments	Brucellosis and Tuberculosis Eradication
Assets and Liabilities						
Balance beginning of year	369,761	2,609,696	167,438	-	48,973	3,118
Additions:						
Property and other County tax	381,881	2,697,448	171,360	-	-	2,413
E911 surcharge	-	-	-	-	-	-
State tax credits	27,337	188,011	12,628	-	-	176
Office fees and collections	-	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	4,128,794	-	-
Assessments	-	-	-	-	9,610	-
Trusts	-	-	-	-	-	-
Miscellaneous	222	1,311	46	-	-	43
Total additions	409,440	2,886,770	184,034	4,128,794	9,610	2,632
Deductions:						
Agency Remittances:						
To other funds	-	-	-	146,413	-	-
To other governments	402,640	2,771,842	184,865	3,982,381	28,726	2,582
Trusts paid out	-	-	-	-	-	-
Total deductions	402,640	2,771,842	184,865	4,128,794	28,726	2,582
Balance end of year	376,561	2,724,624	166,607	-	29,857	3,168

See accompanying independent auditor's report.

Emergency Management Services	Advanced Tax Collection	County Hospital	E911 Service Commission	Tax Sale Redemption Trust	Flood and Erosion Control	Total
23,467	14,117	732,625	359,925	8,297	-	13,346,901
-	-	746,544	-	-	-	13,304,007
-	-	-	126,161	-	-	126,161
-	-	53,972	-	-	-	929,173
-	-	-	-	-	-	364,598
-	-	-	-	-	-	4,128,794
-	-	-	-	-	-	9,610
-	-	-	-	208,381	-	339,890
46,717	21,732	435	3,124	-	56,437	143,599
46,717	21,732	800,951	129,285	208,381	56,437	19,345,832
-	-	-	-	-	-	360,151
42,875	18,097	796,753	239,761	-	56,437	18,275,157
-	-	-	-	211,955	-	345,321
42,875	18,097	796,753	239,761	211,955	56,437	18,980,629
27,309	17,752	736,823	249,449	4,723	-	13,712,104

Schedule 14

Jackson County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30			
	2003	2002	2001	2000
Taxes:				
Property tax	\$3,294,233	\$2,965,303	2,785,709	2,766,660
Local option sales tax	671,334	612,699	587,625	595,079
Utility tax replacement excise tax	125,126	127,209	121,081	-
Other	7,905	8,339	8,058	8,126
	<u>4,098,598</u>	<u>3,713,550</u>	<u>3,502,473</u>	<u>3,369,865</u>
Intergovernmental:				
State shared revenues:				
Road use tax allocation	2,812,263	2,835,959	2,719,539	2,759,088
Other	23,283	51,634	51,012	28,118
State tax replacements:				
State tax credits	248,648	260,662	247,956	253,028
State allocation	115,139	121,305	142,760	136,923
Mental health property tax relief	586,760	586,760	586,760	586,760
Other	-	70,516	154,230	131,213
State and federal pass-thru revenues:				
Community development block grant	-	87,241	431,895	140,962
Social services block grant	103,992	107,254	115,578	114,264
Other	882,994	704,920	594,275	1,237,558
Contributions from other governmental units	29,514	51,933	21,301	58,812
State grants and entitlements:				
Other	157,569	-	-	-
Federal grants and entitlements:				
Watershed protection and flood prevention	101,129	14,237	14,420	14,114
Other	15,227	1,295	-	-
Payment in lieu of taxes	11,560	20,166	8,193	6,700
	<u>5,088,078</u>	<u>4,913,882</u>	<u>5,087,919</u>	<u>5,467,540</u>
Total	<u>\$9,186,676</u>	<u>8,627,432</u>	<u>8,590,392</u>	<u>8,837,405</u>

See accompanying independent auditor's report.

Jackson County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
Direct:			
U.S. Department of Agriculture:			
Watershed Protection and Flood Prevention	10.904		\$ 101,129
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		1,058
Total direct			102,187
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		9,131
U.S. Department of Justice:			
Governor's Alliance on Substance Abuse Department:			
Bear Creek Narcotics Task Force:			
Bryne Formula Grant Program	16.579	01A-0233	302
U. S.Department of Transportation:			
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Safety Incentive Grants for Use of Seatbelts	20.604	PAP03-157, Task 77	3,000
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	P-ES-CO49(31)-8I-49	23,283
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
State Emergency Management Division:			
Public Assistance Grants - General	83.544	DR-1420-IA	793
Public Assistance Grants - Secondary Roads	83.544	DR-1420-IA	18,850
Public Assistance Grants - Conservation	83.544	DR-1420-IA	13,192
			32,835
Emergency Management Performance Grants	83.552		9,850
Hazard Mitigation Grant	83.548	0996-0168	524
			43,209

Schedule 15

Jackson County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5883BT51	3,744
Linn County Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5883BT207	20,438
			<u>24,182</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778		13,030
Temporary Assistance for Needy Families	93.558		13,461
Foster Care - Title IV-E	93.658		4,608
Refugee and Entrant Assistance-State Administered Programs	93.566		45
Adoption Assistance	93.659		1,532
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,603
Social Services Block Grant	93.667		8,881
Social Services Block Grant	93.667		103,992
			<u>112,873</u>
			<u>148,152</u>
Total indirect			251,259
Total			<u>\$ 353,446</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Jackson County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

See accompanying independent auditor's report.



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David A. Vaudt, CPA
Auditor of State

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting

To the Officials of Jackson County:

We have audited the general purpose financial statements of Jackson County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 17, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jackson County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item IV-K-03.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jackson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jackson County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-03 is a material weakness. Prior year reportable conditions have been resolved except for items II-A-03 and II-B-03.

This report, a public record by law, is intended for the information and use of the officials, employees and citizens of Jackson County and other parties to whom Jackson County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Jackson County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 17, 2003

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance**

Jackson County



OFFICE OF AUDITOR OF STATE STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Jackson County:

Compliance

We have audited the compliance of Jackson County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2003. Jackson County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Jackson County's management. Our responsibility is to express an opinion on Jackson County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jackson County's compliance with those requirements.

In our opinion, Jackson County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Jackson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jackson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jackson County and other parties to whom Jackson County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 17, 2003

Jackson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 93.667 - Social Services Block Grant
 - CFDA Number 10.904 – Watershed Protection and Flood Prevention Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jackson County did not qualify as a low-risk auditee.

Jackson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-03 Segregation of Duties – During our review of the internal control, the existing control activities are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) The opening and listing of mail receipts and the collection, deposit preparation and reconciliation function are not segregated from those for recording and accounting for cash receipts.	Treasurer
(2) Secondary roads inventory – The receiving, issuing, accounting, and storing responsibilities are not properly segregated. Also, an independent person who is not responsible for the inventory records does not verify inventory counts.	County Engineer

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Responses:

Treasurer – The opening of mail and a listing of certain items from the mail collection will be listed in a book and checked at a later date to follow the internal audit trail of that piece of mail.

County Engineer – This issue has not changed from last year. The limited amount of manpower we have is not enough to do as the State Auditor's recommend. We tried to handle this issue by having someone from the shop sign all tickets, but that does not seem to fulfill the Auditor's requirements.

Therefore, either the Assistant Engineer, Road Superintendent or County Engineer will do random inventory checks at least every quarter and place them in the inventory files. A copy will be provided to the County Auditor's office for their records.

Conclusion – Responses accepted.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

II-B-03 Information Systems – The following weaknesses in the County’s computer based systems were noted.

- The County does not have a written policy regarding password privacy and confidentiality, nor is there a policy on periodic password changes.
- The County does not have a written disaster recovery plan.

Recommendation – The County should review its control activities and establish policies pertaining to its information systems.

Response – The County adopted a written password policy on October 14, 2003, which addressed password privacy and changes.

The County is in the process of developing a disaster recovery plan.

Conclusion – Response accepted.

Jackson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over major programs were noted.

Jackson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-03 Depository Resolution – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003, except as follows:

Office	Depository	Maximum Authorized Deposit
County Treasurer	Maquoketa State Bank	\$5,000,000

However, a new resolution for Maquoketa State Bank for \$8,500,000 was approved on July 29, 2003.

IV-B-03 Certified Budget – Disbursements during the year ended June 30, 2003 did not exceed the amounts budgeted.

IV-C-03 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-03 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-03 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Ward's Repair Shop, owner is husband of Board of Public Health and Zoning secretary	Parts, welding and repair	\$ 1,320
Zeimet's Garage Inc., owner is husband of Auditor's Office Deputy	Vehicle maintenance and repair	627

In accordance with Chapter 331.342(10) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since the total cumulative transactions for each individual were less than \$1,500 during the fiscal year.

IV-F-03 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

IV-G-03 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

IV-H-03 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-03 Deposits and Pooled Investments – No instances of non-compliance with the deposits and pooled investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policies were noted.

IV-J-03 Deficit Cash Balances – The Capital Projects Fund had a deficit cash balance of \$1,340 on January 31, 2003. This appears to violate Chapter 331.476 of the Code of Iowa.

Recommendation – Claims should not be approved for payment when funds are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants, loans from other formal short-term debt instruments or obligations.

Response – The Conservation Department was responsible for ensuring that funds from private sources were deposited to cover all expenses for the new Interpretive Center. The County Auditor will watch the fund to ensure has funds to cover expenditures as the center is built.

Conclusion – Response accepted.

IV-K-03 Financial Condition – The Special Revenue, Mental Health Fund had a deficit balance of \$561,691 at June 30, 2003.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The Board of Supervisors passed a resolution in July 2003 which directed the continuation of the 5% reduction in services to providers, a limit on the number of persons to be served at the county care facility, the elimination of the administration fee for the Gannon Center, and requesting providers to access all available federal funds for the program. The County did not qualify for the State Risk Pool funds for FY03 and will apply for FY04 Risk Pool. Also, a waiting list for persons requesting nonmandated services continues.

The CPC continues to assure that all consumers have Jackson County as legal settlement and looks for the most cost effective services for those requiring mandated services. As a result several consumers have been relocated to facilities that minimize the cost to the County.

Conclusion – Response accepted.

IV-L-03 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2003 for the County Extension Office did not exceed the amount budgeted.

Jackson County

Staff

This audit was performed by:

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